Amendments to the Claims:

This listing of claims will replace all prior versions, and listings of claims in the application:

Listing of Claims:

1. (Currently Amended)   A method of refunding value ~~as~~ applied to <u>a spoiled mail item</u> <u>bearing sensitive information,</u> ~~spoiled items, wherein the item comprises an element containing~~ ~~an authentication code and bearing sensitive information, the method~~ comprising the steps of:

    validating <u>a postage imprint associated with a mail item in a mail item stream, the mail</u> <u>item bearing sensitive information, wherein the postage imprint</u> ~~the element in each item in an~~ ~~item stream, wherein an item is assigned as being spoiled where the element inserted in the item~~ does not satisfy at least one validation criterion;

    <u>assigning the mail item as being a spoiled mail item;</u>

    separating <u>the</u> spoiled ~~items~~ <u>mail item</u> from the <u>mail</u> item stream;

    ~~for each spoiled item, presenting the element to a third party~~ <u>presenting at least one of the</u> <u>spoiled mail item and the associated postage imprint to a postage service</u>, so that the sensitive information is not ~~made available to the third party~~ <u>readable by the postage service</u>; and

    ~~for each spoiled item,~~ refunding the value ~~as~~ applied to the spoiled <u>mail</u> item based on a determination by the ~~third party~~ <u>postage service</u>.

2. (Currently Amended)   The method of claim 1, wherein each <u>the validating comprises</u> <u>scanning the mail</u> item <u>for the postage imprint</u>~~is scanned for an element inserted in the item in~~ ~~the validation step~~.

3. (Currently Amended)   The method of claim 2, wherein the at least one validation criterion requires the ~~element inserted in the item~~ <u>postage imprint</u> to have at least one physical characteristic, comprising at least one of a position, size, and color of the ~~element~~ <u>postage</u> <u>imprint</u>.

4. (Currently Amended)   The method of claim 1, wherein ~~data is read from each element inserted in the item in~~ the validation step comprises reading data from the postage imprint.

5. (Currently Amended)   The method of claim 4, wherein the at least one validation criterion requires authentication of at least part of the ~~read~~ data read from the postage imprint.

6. (Original)   The method of claim 5, wherein the authentication of at least part of the read data requires the at least part of the read data to have a predeterminable format.

7. (Original)   The method of claim 5, wherein the authentication of at least part of the read data requires the at least part of the read data to match check data.

8. (Currently Amended)   The method of claim 1, wherein the ~~element inserted in the item~~ postage imprint is a printed imprint.

9. (Currently Amended)   The method of claim 1, wherein the ~~element inserted in the item~~ postage imprint is an electronic label.

10-11. (Canceled).

12. (Currently Amended)   The method of claim 1, further comprising ~~the steps of:~~
         ~~perforating each element removed from a spoiled item about the authentication code; and~~
         separating a section of the ~~element including the~~ postage imprint, the separated section including an authentication code and excluding the sensitive information, to allow the separated section to be presented to ~~a third party,~~ the postage service with the sensitive information not being ~~made available to the third party~~ readable by the postage service.

13-14. (Canceled).

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15. (Currently Amended) The method of claim 1, wherein ~~each~~ the spoiled mail item includes a label on which the ~~element~~ postage imprint is provided, and further comprising the step of:

separating the label from the spoiled mail item to allow the label to be presented to a third party, with the sensitive information not being ~~made available to~~ readable by the third party.

16. (Currently Amended) The method of claim 1, further comprising the step of:

obliterating the sensitive information on ~~each element removed from a~~ the spoiled mail item to ~~allow the element to be presented to a third party, with~~ cause the sensitive information ~~not being made available to the third party~~ to be unreadable by the postage service.

17. (Currently Amended) The method of claim 16 wherein ~~the sensitive information is printed on the element and~~ the obliterating step comprises the step of:

over-printing the sensitive information to render the sensitive information unreadable.

18. (Currently Amended) The method of claim 16 wherein ~~the sensitive information is printed on the element and~~ the obliterating step comprises the step of:

applying a panel over the sensitive information to render the sensitive information unreadable.

19. (Currently Amended) The method of claim 16, wherein the obliterating step comprises the step of:

cutting out a section of the ~~each element removed from a~~ spoiled mail item including the sensitive information~~, so that the item includes no sensitive information~~.

20. (Currently Amended) The method of claim 1, further comprising the step of:

packaging ~~each element removed from a~~ the spoiled mail item to conceal the sensitive

information and allow the ~~element~~ spoiled mail item to be presented to ~~a third party~~ the postage

service, with the sensitive information not being ~~made available to the third party~~ readable by the

postage service.

21. (Currently Amended)   The method of claim 1, wherein ~~each~~ the spoiled mail item

includes a cover sheet which includes no sensitive information and on which the ~~element~~ postage

imprint is provided, and further comprising the step of:

separating the cover sheet ~~including the element~~ from the spoiled mail item to allow the

cover sheet to be presented to ~~a third party~~ the postage service, with the sensitive information not

being ~~made available to the third party~~ readable by the postage service.

22. (Currently Amended)   The method of claim 1, further comprising the step of:

generating a spoiled item notification ~~in respect of each~~ for the spoiled mail item for

communication to a remote center.

23. (Currently Amended)   The method of claim 22, further comprising the step of:

electronically transmitting the spoiled item ~~notifications~~ notification to the remote center,

~~and~~ wherein each spoiled item notification transmitted to the remote center is transmitted

separately or multiple spoiled item notifications are transmitted in batches at predeterminable

intervals.

24. (Currently Amended)   The method of claim 22, wherein an image of the postage imprint

associated with the spoiled mail item ~~each spoiled element~~ is acquired in the validation step, and

each spoiled item notification includes ~~an image of an element of the respective spoiled item~~ the

image which excludes the sensitive information to allow the image ~~of the element~~ to be

presented to ~~a third party~~ the postage service, with the sensitive information not being ~~made

available to the third party~~ readable by the postage service.

25. (Currently Amended)   The method of claim 1, further comprising the step of:

crediting a refund credit register ~~in respect of~~ for the value ~~as~~ applied to each ~~element~~ postage imprint for each spoiled item.

26. (Canceled).

27. (Currently Amended)   The method of claim 1, further comprising the step of:

writing ~~an element for each~~ a postage imprint for a subsequent mail item in the mail item stream, wherein~~, where the element of a previous item is assigned as being spoiled, the written element~~ the written postage imprint contains ~~the~~ an authentication code contained in the ~~element~~ postage imprint of the ~~previous~~ spoiled mail item ~~assigned as being spoiled~~.

28. (Canceled).

29. (Currently Amended)   The method of claim 27, wherein the ~~element~~ postage imprint is an electronic label and the writing step comprises the step of:

electronically writing to an electronic label ~~as an element~~ on ~~each~~ the subsequent mail item.

30. (Currently Amended)   The method of claim 1, wherein the ~~items comprise~~ mail item comprises documents, the documents comprising one or more sheets.

31. (Canceled).

32. (Currently Amended)   The method of claim 1, wherein the ~~items comprise~~ mail item comprises at least one of document carriers, envelopes ~~or~~ and mail carriers.

33. (Currently Amended)   The method of claim 1, wherein the sensitive information is encoded separately from the postage imprint.

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34. (Currently Amended)   ~~An item~~ A mail handling system for refunding value ~~as~~ applied to a spoiled mail item bearing sensitive information, ~~items, the items including an element containing an authentication code and bearing sensitive information, in an item stream, the system~~ comprising:

a validation unit for validating ~~the element of each item~~ a postage imprint associated with a mail item in ~~an~~ a mail item stream, the mail item bearing sensitive information, ~~wherein an item is assigned~~ and for assigning the mail item as being spoiled where the ~~element~~ postage imprint associated with the mail item does not satisfy at least one validation criterion;

a sorting unit for separating the spoiled ~~items~~ mail item from the mail item stream, with the ~~element~~ postage imprint of ~~each~~ the spoiled mail item being presented ~~to a third party~~ for authentication by a postage service, so that the sensitive information is not ~~made available to the third party~~ readable by the postage service; and

a control unit for controlling operation of the system, wherein the control unit includes a refund credit register and is operative to credit the refund credit register ~~in respect of~~ with the ~~value as~~ value applied to ~~each~~ the spoiled mail item, the spoiled mail item being ~~wherein the spoiled item is~~ authenticated by the ~~third party~~ postage service.

35. (Currently Amended)   The system of claim 34, wherein the validation unit is operative to scan ~~each~~ the mail item for ~~an element~~ the postage imprint.

36. (Currently Amended)   The system of claim 35, wherein the at least one validation criterion requires the ~~element~~ postage imprint to have at least one physical characteristic comprising at least one of a position, size and color of the ~~element~~ postage imprint.

37. (Currently Amended)   The system of claim 34, wherein the validation unit is operative to read data from the ~~element~~ postage imprint.

38. (Currently Amended)   The system of claim 37, wherein the at least one validation criterion requires authentication of at least part of the ~~read~~ data read from the postage imprint.

39. (Original)   The system of claim 38, wherein the authentication of at least part of the read data requires the at least part of the read data to have a predeterminable format.

40. (Original)   The system of claim 38, wherein the authentication of at least part of the read data requires the at least part of the read data to match check data.

41. (Currently Amended)   The system of claim 34, wherein the ~~element~~ postage imprint is a printed two-dimensional barcode.

42. (Currently Amended)   The system of claim 34, wherein the ~~element~~ postage imprint is a radio frequency tag.

43. (Canceled)

44. (Currently Amended)   The system of claim 34, wherein the ~~items include~~ mail item includes an electronic label containing the sensitive information.

45-46. (Canceled).

47. (Currently Amended)   The system of claim 34, wherein the ~~element~~ postage imprint is removable from the mail item to allow the ~~element~~ postage imprint to be separated~~, and thereby allow the element to be~~ and presented to ~~a third party~~ the postage service, with the sensitive information not being ~~made available to the third party~~ readable by the postage service.

48. (Currently Amended)   The system of claim 34, wherein each mail item includes a label on which the ~~element~~ postage imprint is provided to allow the ~~element~~ postage imprint to be

separated by removal of the label, and thereby allow the label to be presented to ~~a third party~~ the postage service, with the sensitive information not being ~~made available to the third party~~ readable by the postage service.

49. (Currently Amended) The system of claim 34, further comprising:

an obliteration unit for obliterating the sensitive information on ~~each element of a~~ the spoiled mail item to allow the spoiled mail item to be presented to ~~a third party~~ the postage service, with the sensitive information not being ~~made available to the third party~~ readable by the postage service.

50. (Currently Amended)   The system of claim 49, wherein ~~the sensitive information is printed on the element and~~ the obliteration unit comprises a printer for over-printing the sensitive information to render the sensitive information unreadable.

51. (Currently Amended)   The system of claim 49, wherein ~~the sensitive information is printed on the element and~~ the obliteration unit comprises an applicator for applying a panel over the sensitive information to render the sensitive information unreadable.

52. (Currently Amended)   The system of claim 49, wherein the obliteration unit comprises a cutter for cutting out a section of ~~each element of a~~ the spoiled mail item including the sensitive information, so the spoiled mail item includes no sensitive information.

53. (Currently Amended)   The system of claim 34, further comprising:

a packaging unit for packaging ~~each element of a~~ the spoiled mail item to conceal the sensitive information, and thereby allow the ~~element~~ spoiled mail item to be presented to ~~a third party~~ the postage service, with the sensitive information not being ~~made available to the third party~~ readable by the postage service.

54. (Currently Amended)   The system of claim 34, wherein ~~each~~ the mail item includes a cover sheet which includes no sensitive information and on which the ~~element~~ postage imprint is provided to allow the cover sheet ~~including the element~~ to be separated from the mail item~~, and thereby allow the cover sheet to be~~ and presented to ~~a third party~~ the postage service, with the sensitive information not being ~~made available to the third party~~ readable by the postage service.

55. (Currently Amended)   The system of claim 34, wherein the control unit is operative to generate a spoiled mail item notification ~~in respect of each~~ for the spoiled mail item for communication to a remote center.

56. (Currently Amended)   The system of claim 55, wherein the control unit includes a communications module for electronically communicating with the remote center, whereby ~~the~~ spoiled item notifications generated by the control unit are transmitted electronically to the remote center, and each spoiled item notification is transmitted separately or spoiled item notifications are transmitted in batches at predeterminable intervals.

57. (Currently Amended)   The system of claim 55, wherein the validation unit is operative to acquire an image of the postage imprint associated with the spoiled mail item ~~each spoiled element~~, and ~~each~~ the spoiled item notification includes ~~an image of the respective spoiled element~~ the image which excludes the sensitive information to allow the image ~~of the element~~ to be presented to ~~a third party~~ the postage service, with the sensitive information not being ~~made available to the third party~~ readable by the postage service.

58. (Currently Amended)   The system of claim 34, further comprising [[:]] a writing unit for writing ~~an element~~ the postage imprint, ~~; and~~ wherein the control unit is operative to control the writing unit to write ~~an element containing the~~ the postage imprint comprising an authentication code contained in the ~~element of~~ postage imprint associated with a previous mail item assigned as being spoiled.

59. (Currently Amended)   The system of claim 58, wherein the ~~element is a printed imprint of~~ postage imprint a two-dimensional barcode, and the writing unit comprises a printing unit ~~for printing an imprint as an element on each item~~.

60. (Currently Amended)   The system of claim 58, wherein the ~~element~~ postage imprint is an electronic label, and the writing unit comprises an electronic label writer ~~for writing to an electronic label as an element on each item~~.

61. (Currently Amended)   The system of claim 34, wherein the ~~items comprise~~ mail item comprises documents including one or more sheets.

62. (Canceled).

63. (Currently Amended)   The system of claim 34, wherein the ~~items comprise~~ mail item comprises at least one of document carriers, envelopes ~~or~~ and mail carriers.

64. (Currently Amended)   The system of claim 34, wherein the sensitive information is encoded separately from the postage imprint.